NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS: Grade AA butter increased 4 cents to $1.7400, Grade A increased 4 cents to $1.7400, and Grade B increased 4 cents to $1.7400. Barrel cheese increased 13 1/2 cents to $1.4450 and 40# blocks increased 14 1/4 cents to $1.4925.

BUTTER: The market tone remains firm, but there is some unsettledness. Contacts on both the producing and purchasing side of the market wonder how high prices may go and what postion to take. Currently, output is moderate and some producers report bringing butter out of storage to meet the continued good print demand. However, as retail prices move higher, consumption is expected to drop.

CHEESE: The cash CME block price is the same as the comparable week in 1996. Current cheese demand has been good. Plant cheddar offerings are limited. Cumulative U.S. cheddar cheese production for the first third of 1998 totals 895.2 million pounds, down 4.3 million pounds (0.5%). Total cheese output during 1998 totals 2.477 billion pounds, up 64.8 million pounds (2.7%).

MILK PRODUCTION: Milk production varies across regions. In the upper Northeast, output is steady to slighty lower. Unseasonably cool weather in New York and New England is helping hold milk production near peak levels. However, in Florida and the Gulf Coast States, production is falling rapidly as a result of extreme temperatures and heat indices in the 100's. Many schools have closed for the summer and more surplus milk is available leading to Florida handlers shipping 50 loads out of state for processing. In the Midwest, milk intakes vary with most plants holding right near peak levels. Powerful thunderstorms raged through the Upper Midwest states last weekend and interrupted operating schedules at several plants. A few manufacturing plants were down for a day or more causing milk to be diverted to other areas. During the week, cooler temperatures moved into the region making conditions more conducive for milk production. Milk receipts are higher in southern California, but lower in the northern areas of the state due to recent rains. Milk production in New Mexico continues at seasonal peak levels. Weather conditions and temperatures are finally improving in the Pacific Northwest. Milk output continues to move toward the seasonal peak. Milk is being handled efficiently and most plants are operating at nearly capacity levels.

DRY PRODUCTS: Market conditions for the dry product markets are similar to the previous week. The nonfat dry milk market remains weak and large volumes continue to clear to the CCC under the price support program. The dry whey market is firm in the Central and East, while steady in the West. In the Central and East, buying interest is picking up as prices increase. Producer offerings are limited and many buyers must resort to the resale market to obtain spot loads at growing premiums. Lactose and WPC markets are weakening and prices are lower. Noticeable discounts are being reported as interest is slow and inventories are building.

CCC: Net purchases totaled 3,416,073 pounds of NDM under the price support program from Western producers.

BASIC FORMULA PRICE: The BFP for May 1998 is $10.88 per cwt. at 3.5% test. The May BFP is $1.13 lower than last month, but $0.18 higher than May 1997. The BFP is the base month M/W price of $11.82 minus a change of $0.94, which is the change in the butter/powder/cheese formula from April to May. For May, the NASS average cheese price was $1.2034. The butterfat differential is $0.175. Class III-A prices are: for Federal Orders 1 & 2, $13.84; for Order 4, $13.86; for Orders 124, 131, & 135, $13.93; for other affected orders, $13.96.

DAIRY PRODUCTS: Butter production was 103.4 million pounds in April, 12.5% below April 1997 but 2.6% above March 1998. American type cheese production totaled 289.4 million pounds, 3.5% above April 1997 and 1.5% higher than March 1998. Total cheese output (excluding cottage cheese) was 641.5 million pounds, 7.2% above April 1997 but 0.6% below March 1998. Nonfat dry milk production, for human food, totaled 111.4 million pounds, 12.8% below April 1997 but 3.8% above March 1998. Dry whey production, for human food, was 89.0 million pounds, 1.7% above April 1997 but 2.3% below March 1998.

*****SPECIALS THIS ISSUE*****

CHICAGO MERCANTILE EXCHANGE CASH TRADING

LST = Last Significant Transaction

BUTTER ON FRIDAY, JUNE 5, 1998

(CARLOT UNIT = 40,000-42,000 LBS.)

GRADES	CLOSE	CHANGE
AA	$1.7400	+.0400
A	$1.7400	+.0400
B	$1.7400	+.0400

SALES: 13 CARS GRADE AA:
2 @ $1.7900, 1 @ $1.7100, 3 @ $1.7200,
2 @ $1.7450, 2 @ $1.7475, 1 @ $1.7250,
1 @ $1.7500, 1 @ $1.7400 (LST)

BIDS UNFILLED: 1 CAR GRADE AA @ $1.6000
1 CAR GRADE A @ $1.7400 (LST)
1 CAR GRADE B @ $1.7400 (LST)

OFFERS UNCOVERED: NONE

CHEESE ON THURSDAY, JUNE 4, 1998

(CARLOAD UNIT = 40,000-44,000 LBS.)

STYLES	CLOSE	CHANGE
BARRELS	$1.4450	+.1350
40# BLOCKS	$1.4925	+.1425

SALES: 42 CARS BARRELS:
10 @ $1.3700, 27 @ $1.3725, 5 @ $1.4125

BIDS UNFILLED: 30 CARS BARRELS: 5 @ $1.4450 (LST),
10 @ $1.4400, 5 @ $1.4125, 2 @ $1.4100,
1 @ $1.3625, 7 @ $1.3400

10 CARS 40# BLOCKS: 5 @ $1.4925 (LST),
1 @ $1.4900, 2 @ $1.4000, 2 @ $1.3600

OFFERS UNCOVERED: NONE

MAY AGRICULTURAL PRICES SUMMARY

The All Farm Products Index of Prices Received in May was 103 based on 1990-92=100, down 1 point (1.0 percent) from April. Price decreases from April for lettuce, milk, eggs, and broccoli more than offset price increases for hogs, tomatoes, potatoes, and broilers. The seasonal changes in the mix of commodities farmers sell also affect the overall index level. Higher seasonal marketings of cantaloupes, sweet corn, grapes, and peaches more than offset the relatively lower marketings of cattle, milk, cotton, and apples. These changes in marketings limited the decline in the index.

The U.S. average All Milk price in May was $13.40 per cwt. at a fat test of 3.60%, down $.60 from last month, up $.70 from last year. For Fluid Grade Milk, prices averaged $13.50 per cwt. (3.60%), down $.50 from last month, up $.70 from last year. Dairy farmers marketing Manufacturing Grade Milk received $11.60 per cwt. (3.70%), down $.50 from last month, up $.70 from last year. All Milk prices with fat tests and comparisons to last month for the following selected states were: California, $13.00 (3.60%), down $.19; Wisconsin, $12.50 (3.71%), down $.95; New York, $13.20 (3.62%), down $.90; Pennsylvania, $15.10 (3.60%), down $.10; and, Minnesota, $12.80 (3.62%), down $.63.

The May Index of Prices Paid by Farmers for Commodities and Services, Interest, Taxes and Farm Wage Rates was 116 percent of the 1990-92 average. The index was unchanged from April 1998 but 2 points (1.7 percent) below May 1997. Since April 1998, lower prices for feed concentrates, feeder cattle, complete feeds, feed supplements, nitrogen fertilizer, and feed grains were offset by higher prices for diesel fuel, gasoline, mixed fertilizers, feeder pigs, and alfalfa hay.

PRINT BUTTER MARKETS - GRADE AA

Effective June 15, 1998, Dairy Market News will discontinue reporting print butter in the current format. From that date forward, a premium/discount pricing structure for bulk and prints will be carried for the reported regions.

NORTHEAST

Prices are five cents higher and the market tone, though firm, is still unsettled. Prices keep moving higher and contacts wonder how "high is high." Butter production is lighter in the East as milk supplies ease from peak levels. However, as schools close for the summer, more surplus milk is expected to be available to manufacturing plants. Distributors are ordering ahead of current needs and possible additional price increases, but suppliers are limiting orders to normal weekly volumes. Some contacts feel that these sharply higher prices have or will slow retail sales and reduce orders which, in turn, will ease possible/anticipated summer shortages. Food service orders are seasonally fair to good.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	1.9100-2.1575
1 LB. PRINTS	1.8250-2.0125
CHIPS/PATTIES	1.8875-2.0950
REDDIES	1.9625-2.1575
CONTINENTALS	2.0425-2.2175

CENTRAL STATES

Prices are five cents higher and the market tone, though firm, is unsettled. Contacts worry that prices will get or are too high and retail consumption will suffer. Others are worried about supply shortages later in the summer and feel the slowing demand now will help in the long run. Reports indicate that butter stocks are tight, but there are also reports that some people are stockpiling bulk. Production levels are off as milk supplies dwindle and cream demand improves. Current demand for print butter is slow to fair as store prices, unless featured, rise with CME trading levels.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, $ PER POUND

1/4 LB. PRINTS	1.8000-2.2075
1 LB. PRINTS	1.7650-1.9275
CHIPS/PATTIES	1.7900-2.0000
REDDIES	1.8750-2.1100
CONTINENTALS	2.0300-2.2200

WEST

Western print butter prices continue to increase. Print sales are normal, but manufacturers are concerned that the increasing prices will begin to curtail demand. Bulk orders remain strong with shipments to the Midwest and East continuing. Prices are as strong as flat market FOB the production plant. Contacts believe that this price strength could mean additional exchange moves. Demand for cream is active, but not aggressive. Prices are high enough to cause buyers to have second thoughts about acquiring too much additional cream. The price tilt to butter/powder has not done much to change the manufacturing product mix in the West. Butter stocks remain balanced to tight.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	1.9825-2.0500
1 LB. PRINTS	1.9075-2.0225
PATTIES	1.9550-2.1200
REDDIES	2.0800-2.0975

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	1.7625-1.8075

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
06/01/98	12,597	109,785
05/01/98	10,479	111,493
CHANGE	+2,118	- 1,708
% CHANGE	+ 20	- 1

Based on the historical relationship of the preliminary U.S. Cold Storage report of April 30 and the selected centers storage report, the expected U.S. holdings as of June 1, 1998 are:

Butter 81 million pounds plus or minus 2.63 percent
Cheese 434 million pounds plus or minus 2.83 percent

NASS CHEDDAR CHEESE PRICE SURVEY

	40# BLOCKS			640# BLOCKS	BARRELS (adjusted to 39% moisture)		
WEEK ENDING	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
	1.2760	1.2111	1.2262	1.2333	1.2134	1.1848	1.1959
MAY 29	1,226,367	4,988,734	6,754,372	1,296,610	3,507,960	5,324,221	8,832,181

Further data and revisions may be found on the Internet at: http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/

CHEESE MARKETS

NORTHEAST

Prices of natural cheddar and process items are ten cents higher and Swiss is unchanged. Some downward changes were noted on product lines that move with monthly averages. The market tone is firm, but unsettled. Contacts wonder why prices are moving up so quickly during the flush unless it is "in sympathy" with recent changes on butter prices. Cheese output in the Northeast is off slightly as less milk is available. However, most producers expect another surge of milk when schools close for the summer. Cheddar sales are slow to fair and quite a bit is being put into aging programs. Mozzarella output is steady. However, demand is easing seasonally and some is being frozen for future needs. June Dairy Month promotions are helping sales at retail outlets. Producer stocks are adequate to meet current needs.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2600-1.8325
Cheddar Single Daisies	:	1.2300-1.8375
Cheddar 40# Block	:	1.4875-1.6375
Process 5# Loaf	:	1.5200-1.6475
Process 5# Sliced	:	1.5400-1.7050
Muenster	:	1.5200-1.8450
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady to surprisingly firm on cheddar. At the Chicago Mercantile Exchange on May 28, both barrels and blocks increased 10 cents. Barrels moved up to $1.3100 and blocks to $1.3500. Most traders are surprised by the recent strength in prices and are hard pressed to comfortably explain recent price increases outside of the limited spot offerings available from plants. One other question is whether buyers will use stocks or continue to build inventory in anticipation of possible higher prices/tight cheese supplies later in the year. Movement remains fair to generally good with the best strength on current barrels. Process interest is fair to good seasonally, depending on the market. Natural cutting lines are not needing overtime to fill orders. A few producers have announced lower Swiss prices in anticipation of lower milk prices to hopefully stimulate sales. Mozzarella interest is generally slower, reflecting the usual summer slowdown. A widespread weekend storm interrupted normal plant operating schedules at some plants due to lack of power and forced a few to sell extra milk to other processors. Milk intakes are irregularly steady to lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.6700
Brick And/Or Muenster 5#	:	1.6200-1.8225
Cheddar 40# Block	:	1.6150-1.9150
Monterey Jack 10#	:	1.8100-1.9150
Blue 5#	:	1.9575-2.1600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7000-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants.

CHEDDAR STYLES	:	JUNE 1 - 5, 1998
BARRELS*	:	$1.3100 - 1.3300 (NOMINAL)
	:	($.1000) (.1000)
40# BLOCKS	:	$1.3500 - 1.3800 (NOMINAL)
	:	($.0800) (.1000)

( ) Change from previous week. * If steel, barrel returned.

WEST

Cheese prices are sharply higher following trading at the CME on May 28. Contacts were somewhat surprised at the magnitude of the increase. Some wondered if part of the strength was due to the major price increases in the butter market. Sales remain active even after the major price increase. Many buyers seem to be buying before prices increase further. Production levels are near projected seasonal peaks. Barrel demand is probably ahead of blocks for seasonal reasons. Sales of Swiss have improved slightly. Mozzarella interest has slowed seasonally as pizza buying patterns change for the summer.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5050-1.7225
Cheddar 40# Block	:	1.5325-1.6550
Cheddar 10# Cuts	:	1.7725-1.8725
Monterey Jack 10#	:	1.7275-1.8350
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.3700

FOREIGN TYPE CHEESE

Prices on domestic styles are mostly ten cents higher. The market tone is unchanged. However, recent price increases are causing some unsettledness on the domestic side of this market. Demand is slow to fair, but June Dairy Month retail features are reported to be helping sales. Distributors' stocks are adequate for current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	5.5000-6.8900	-0-
Blue	2.6400-3.1400	1.6850-2.2950*
Gorgonzola	3.2400-5.9400	2.3400-2.4950*
Parmesan (Italy)	TFEWR	3.0950-3.1350*
Romano (Italy)	2.0900-2.9000	-0-
Provolone (Italy)	3.4400-5.5000	1.3575-1.8850*
Romano (Cows Milk)	-0-	2.8825-3.2250*
Sardo Romano (Argentine)	2.6500-3.2900	-0-
Reggianito (Argentine)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.1200	-0-
Swiss Cuts Switzerland	-0-	2.2500-2.5050
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

Milk production is steady to slightly lower in the more northern areas of the East, but falling rapidly in Florida and the Gulf Coast States where temperatures and the heat index are often into the 100's. Unseasonably cool weather in New York and New England is helping hold milk output near peak levels. Fluid milk supplies are ample for Class I needs, but diversions to manufacturing plants are often lighter than expected as many schools are still in session. In the Southeast, many schools have closed for the summer and more surplus milk is available. However, with milk output falling almost as quickly as surpluses are growing surplus volumes are generally unchanged. This week, Florida handlers are shipping 50 loads out of state for processing. Most schools have closed, but those in the major urban areas won't recess until mid-month. Bottled milk sales are slow to fair, but scattered retail features are helping consumption in some locales. The condensed skim market is weak. Prices are sharply lower now that they are influenced by the June Class II milk prices and the generally ample supply. The fluid cream market is surprisingly strong. Despite the recent jumps in butter prices and the fact that all three grades are the same price at the CME, demand is very good this week. Contacts are at a loss to really explain why demand has held up so well. Typically, when butter prices reach such high levels, demand eases. Supplies are reported as tight and spot prices are higher. Multiples are mostly in the mid 130's times $1.70. This week fewer spot loads are at the AA price less nine cents. Some contracts are based on that formula, but spot sales are at the butter price. Ice cream output is steady. Some contacts hypothesize that ice cream makers are taking as much cream as they can get to avoid possible higher prices in coming weeks. Cream cheese production is steady to lighter depending on cream availability and price. Churning activity is moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	2.2440 - 2.4140
Delivered Equivalent Atlanta	-	2.0930 - 2.3800 M 2.1760 - 2.3120
F.O.B. Producing Plants: Upper Midwest	-	2.1225 - 2.3800

PRICES OF CLASS II CONDENSED SKIM, $ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.8200 - 1.0000

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MAY 29 - JUNE 4, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

A large and powerful thunderstorm (wind gusts reported clocked at more than 100 mph) went through the upper Midwest area over the weekend downing many trees and power lines and interrupting operating schedules at several plants. Many roofs along with a number of barns and sheds were blown down or damaged in the storm. A few manufacturing plants were off line for better than 1 day, forcing extra milk to be shipped out to other operations. Others lost power for just a couple of hours or less. The cleanup at some farms and homes may take longer. Some milk was dumped due to high temperatures or late arriving trucks, but it is too early for a feel for the volume actually lost. However, other plants were able to handle the distressed plant milk at prices just under class (usually about 50 cents), plus hauling. Outside the storm related supplies, spot prices were moving at mostly $0.50 under class to right around flat class/MCP. Volumes of surplus manufacturing milk were noticeably lighter by midweek. Class I volumes were steady to slightly lower though aided somewhat by the stronger first of the month movement. Cottage cheese and whipping cream production were steady to improved. Ice cream production is seasonally good despite high cream prices. Milk intakes continue to vary with some plants holding right near peak levels with others starting to see some declines. However, cooler temperatures moved into the region, making conditions more conducive for milk production. In states below the northern tier of states, continued heat and humidity has reduced milk receipts, placing them in better balance with demand even with schools closed. Some early phone calls to check out supply availability for possible shipments to the South were noted by handlers in the lower tier of states. A lot of decent quality hay/haylage has been cut and harvested in recent weeks.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 28 -JUNE 3	PREVIOUS YEAR
SLAUGHTER COWS	$ 35.00- 40.00	$ 36.50- 42.00
REPLACEMENT HEIFER CALVES	$115.00-150.00	$ 90.00-130.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 28 -JUNE 3	PREVIOUS YEAR
SLAUGHTER COWS	$ 35.00- 39.25	$ 36.00- 42.25

WEST

The May 4a price (butter/powder) in California is $13.54, up 65 cents from April and $2.05 higher than last year. The 4b price (cheese) is $10.44, 68 cents lower than last month but 65 cents higher than last year. Milk production is making recoveries in several areas in southern California. Receipts are higher by several percentage points at several plant locations. In the north, milk production is less robust following the recent rains. Better weather conditions during this week are helping to improve feedlot conditions, but the effects of the wet weather continue to linger. Quality of harvested alfalfa in the state continues to be poor to fair and buyers are looking to the Northwest for supplemental hay. Production remains strong in New Mexico and continues at seasonal peak levels. Producers are concerned over the effects that low milk prices will have on their operations. The recent upturn in cheese prices should increase milk prices and the May prices may be the lowest base price this year. The feed situation is better in New Mexico where conditions have been ideal for alfalfa and hay harvesting. The eastern part of the state is mostly completed with first cutting, and the southern portion is beginning the second cutting. Insect problems have been minimal. Other feed prices are fair and producers are able to lock in decent prices for later needs at this time. Cream prices are steady to higher. Multiples have been dropped to accommodate the higher butter prices and some sellers are making concessions to the Grade A price due to it being the same as the AA price. Demand is good and cream is clearing out of region to ice cream, cream cheese and butter operations. In area ice cream demand has been limited because of the unseasonably cool and wet weather. Butter prices continue to increase at the CME futures market. July futures have been limit up (2.5 cents) the first three days this week. Weather conditions are finally improving in the Pacific Northwest. Temperatures are warmer and moisture is less of a problem. Hay quality remains a major concern. Most hay that has been cut has gotten wet and the alfalfa that hasn't been cut is past prime quality due to maturity. Very little new crop hay is being offered on the market, but some fair quality old crop is available at reasonable prices. Milk output continues to move toward the seasonal peak which may be about two weeks off. Milk is being handled efficiently within the region. Tests on milk receipts are fair for this season. First cutting hay harvest is progressing rapidly in the northern Mountain States region now that the weather conditions have improved. The alfalfa is probably past prime quality due to maturity, but it is still in quite good shape. Most plants are operating at nearly capacity levels. Receipts should clear efficiently this spring. Plant operators are more concerned about how they will handle receipts next spring.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 06/04/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are fractionally higher on the top end of the range, but unchanged on the mostly. The market tone remains weak and demand continues to be slow and limited. A few high heat spot sales were reported. Stocks are building as production is strong across the region. U.S. production of human food NDM during April totaled 111.4 million pounds, down 12.8% from last year but up 3.8% from March. (Combined MN and WI production during April totaled 2,089,000 pounds.) Manufacturers' stocks at the end of April totaled 113.1 million pounds, 4.5% lower than last year but 22.0% more than last month.

Includes EXTRA GRADE and GRADE A, low and medium heat
NONFAT DRY MILK: 1.0150 - 1.0425 MOSTLY: 1.0250 - 1.0350

DRY BUTTERMILK - CENTRAL

Prices and the market tone are unchanged. Demand remains somewhat limited, however, a few more purchases were reported than in previous weeks. Production levels are often higher due to active churning schedules and stocks range from balanced to heavier. During April, dry buttermilk production totaled 5.2 million pounds, down 4.5% from last year but 1.1% more than March. End-of-month stocks totaled 5.8 million pounds, up 57.8% from a year earlier and 35.2% higher than last month.

BUTTERMILK: .9325 - .9675

DRY WHEY - CENTRAL

Prices are higher and the market tone is firming. Buyer demand ranges from steady to more active. Reasons for the increased interest are mixed. The anticipation of further price increases has sparked some spot sales. Other contacts foresee supply shortages in upcoming months and are building inventories accordingly. Producer offerings continue to be limited. Product is more available through resellers at growing premiums. However, in the face of a limited market supply, production patterns are extremely strong and many dryers are running continuously. Offerings of condensed whey are reported as abundant. Considering current market conditions (heavy production and reported limited supply), skepticism is a common tone throughout the market. U.S. production of human food, dry whey during April totaled 89.0 million pounds, 1.7% more than last year but 2.3% lower than last month. End-of-April stocks, at 30.1 million pounds, are 7.9% higher than last year but down 5.0% from March. Production, with changes from April 1997, in Wisconsin is 23.0 million pounds, down 4.2% and Minnesota, 9.3 million pounds, down 8.5%.

NONHYGROSCOPIC: .2300 - .2550 MOSTLY: .2350 - .2450

ANIMAL FEED WHEY - CENTRAL

Prices are higher on standard and milk replacer; unchanged on roller ground and delactose. All prices remain nominal. Offerings of feed grade whey are available and increasing as edible whey production is heavy. Feed business remains on the slow side. Veal feed producers report noticeable decreases on sales and volumes from last year at this time. The delactose and roller ground markets are steady. April U.S. animal feed, dry whey production totaled 8.0 million pounds, 34.0% higher than last year and 32.7% more than March. Month-ending stocks were 5.0 million pounds, 13.0% less than last year and 73.7% higher than last month. Animal feed, reduced lactose and minerals whey production during April totaled 2.5 million pounds, 2.7% more than last year but 4.2% lower than March; while all stocks (animal and human), at 8.4 million pounds, were 32.6% less than last year.

MILK REPLACER:	.2000 - .2200
STANDARD:	.1850 - .2100
ROLLER GROUND:	.2400 - .2450
DELACTOSE (Min. 20% protein):	.3400 - .3675

LACTOSE - CENTRAL AND WEST

Prices are lower on the mostly, but unchanged on the range. The market tone is soft. Domestic interest remains slow and sellers must discount product in order to encourage buyers. On the export side, Asian financial troubles continue and Mexican order volumes are slower than anticipated. As a result, stocks are building at many plants. Production is strong as milk output is at or near the peak in many areas. U.S. lactose production during April totaled 37.3 million pounds, up 5.3% from last year but 4.1% less than March. End-of-April stocks, at 27.6 million pounds, are 38.4% higher than last year and 12.3% above last month. Production in April with changes from 1997 are: Minnesota, 11.1 million pounds, up 24.3%; and Wisconsin, 8.0 million pounds, down 6.8%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
EDIBLE: .1800 - .2600 MOSTLY: .1950 - .2050

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are significantly lower and the market tone is weak. Interest is limited as buyers are not actively searching for product. Noticeable discounts are being reported from different sources as sellers try to move building inventories. Although not included in the edible WPC series, downgraded powder offerings remain plentiful at low prices. Production levels are heavy and stocks range from balanced at a few plants to heavier than desired at many others. U.S. production of human food WPC during April totaled 19.3 million pounds, a 0.9% increase from last year but a 0.3% decrease from the previous month. Manufacturers' stocks at the end of April totaled 11.8 million pounds, 33.8% higher than last year and 6.8% above last month.

EXTRA GRADE 34% PROTEIN: .5450 - .6100 MOSTLY: .5750 - .5850

NONFAT DRY MILK - WEST

Prices on the top end of low/medium heat price range are slightly higher, but most prices are unchanged. Reports of prices higher and lower than the reported range are circulating. Whether these trades occurred is unconfirmed, along with quantity, quality, and reasoning. However, the market focus price seems to be centered around the support price of $1.0280. Plants not offering to the government are often having to lower prices to stimulate demand and block offerings are more heavily discounted. Contacts are questioning whether a price support shift between butter and NDM is probable, knowing that it is possible. Butter prices are at seasonal record high, at $1.05 above support, while weekly support offerings of NDM are expected to continue for at least a couple of months. During the holiday shortened week of May 25 - 29, Western and Central producers offered 4.4 million pounds of NDM to the CCC under the support program. U.S. NDM production in April totaled 111.4 million pounds, down 12.8% from last year but 3.8% higher than March. Stocks at the end of the month were reported at 113.1 million pounds, down 4.5% from last year but 22.0% more than last month. April production in California totaled 37.9 million pounds, down 29.0% from last year, and Washington output totaled 12.8 million pounds, down 15.5% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.0000 - 1.0400	MOSTLY: 1.0200 - 1.0300
HIGH HEAT:	1.0450 - 1.0550	

DRY BUTTERMILK - WEST

Prices are unchanged but the market tone remains unsettled. Some producers are noted to be lowering offering prices to stimulate interest. Others are holding stocks with the anticipation that prices will increase when 'fat' buyers look to dry buttermilk (4.5 - 7% fat) to supplement or replace their fat needs. Drying schedules remain sporadic around fluctuating churning schedules and sales of condensed buttermilk. Stocks are available for current light needs. U.S. buttermilk powder production in April totaled 5.2 million pounds, down 4.5% from last year but 1.1% higher than March. Stocks at the end of the month were reported at 5.8 million pounds, up 57.8% from a year earlier and 35.2% higher than March.

BUTTERMILK: .9000 - .9400 MOSTLY: .9100 - .9300

DRY WHEY - WEST

Prices are generally steady for Western whey powder. The market is much more closely balanced than in the past few weeks. Powder is selling to both domestic and export users in a more regular fashion. Buyers seem to be willing to take an additional load at this time. Production of powder is nearing the seasonal peak. April U.S. production of dry whey totaled 89.0 million pounds, up 1.7% from last year. Stocks at the end of the month were 30.1 million pounds, up 7.9% from last year.

NONHYGROSCOPIC: .2150 - .2350 MOSTLY: .2200 - .2300

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended May 29, on powder sales of 7,627,814 pounds f.o.b. California manufacturing plants was $1.0364 per pound. This compares to 10,312,245 pounds at $1.0355 for the previous week ending May 22, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

This week marks the first week that the Northeast prices are split into a range for high heat and one for low/medium heat powder. Prices are little changed from previous weeks and the market tone remains weak. Production levels are off slightly as butter/powder plant milk receipts have eased. Producers' stocks are adequate and not overly burdensome. Demand ranges from slow to fairly good. The large-volume, lower cost sales seen several weeks ago seem less frequent. Most buyers realize that there is little or no up side risk to purchasing for immediate or short term needs. Production of human food, nonfat dry milk during April 1998 totaled 111.4 million pounds, down 12.8% from April 1997 but 3.8% more than March 1998. Month ending stocks, at 113.1 million pounds, are 4.5% below a year ago but 22.0% more than last month.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:	
LOW/MEDIUM HEAT:	1.0200 - 1.0500
HIGH HEAT:	1.0500 - 1.1100 MOSTLY 1.0700 - 1.0800
DELVD SOUTHEAST:	
ALL HEATS:	1.0550 - 1.0825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to fractionally higher and the market tone is steady. Some contacts are surprised that demand for buttermilk powder hasn't improved at a faster pace. Condensed and liquid buttermilk are moving to ice cream producers and easing dryer time. One would think that dry buttermilk would be an attractive, relatively inexpensive source of fat. However, contacts report only slow to fair demand. Producers' stocks are light and well balanced with needs. Dry buttermilk production during April 1998 totaled 5.2 million pounds, down 4.7% from April 1997 but up 1.1% from March 1998. Month ending stocks, at 5.8 million pounds, are 57.8% more than a year ago and 35.2% more than last month.

F.O.B. NORTHEAST:	.9500 - .9650
DELVD SOUTHEAST:	.9500 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices are unchanged to higher. Some Western producers have increased their prices in response to escalating butterfat values. Elsewhere, producers are waiting to see what the May BFP does before changing prices. Current production levels are light to moderate and generally geared to filling orders. Spot orders are reported as slow. Dry whole milk production during April 1998 totaled 12.3 million pounds, up 77.8% from April 1997 and 4.6% above March 1998. Month ending stocks, at 6.7 million pounds, are 56.4% above a year ago but 2.3% below last month.

F.O.B. PRODUCING PLANT:	1.2075 - 1.4500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH MAY 29, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-- 91,859 MT	(202,512,351 LBS)
WHOLE MILK POWDER Program allocations filled	-- 7,487 MT	(16,505,840 LBS)
CHEESE Program allocations filled	-- 3,510 MT	(7,738,146 LBS)
BUTTERFAT	-- 15,648 MT	(34,497,580 LBS)

Allocations for the DEIP year beginning July 1, 1997, are: Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT; Cheese - 3,510 MT; Butterfat - 34,232 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally higher and the market tone is firm. Some producers continue to be sold out and traders note increasing difficulty obtaining spot loads. They wonder what is causing this tightness, citing seasonally heavy milk supplies, heavy offerings of condensed whey, and, until recently, slow demand. Buying interest is picking up as prices increase. Resellers have product to offer, but premiums are getting into the 2 - 2+ cent range and buyers are often resisting sales at those levels. Currently, production levels are steady to slightly lighter, but more milk will be available to cheese makers when schools recess for the summer. Production of human food, dry whey during April 1998 totaled 89.0 million pounds, 1.7% more than April 1997 but 2.3% less than March 1998. Month ending stocks, at 30.1 million pounds, are 7.9% above a year ago but 5.0% below a month ago.

F.O.B. NORTHEAST:	EXTRA GRADE	.2300 - .2350
	USPH GRADE A	.2400 - .2500
DELVD SOUTHEAST:		.2475 - .2800

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report and the dry whey market tone, as a whole, is showing signs of firmness. Offerings are lighter at the producer level and prices are starting to increase. Demand from animal feed makers or users is little changed from past weeks. However, rising prices after a period of low, steady prices, often spurs some buying activity. Production of dry, animal feed whey during April totaled 8.0 million pounds, 34.0% more than April 1997 and 32.7% more than March 1998.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand is mostly for fill-in needs and plant stocks are growing. The Kansas City Commodity office announced the purchase of 2,056,320 pounds of canned evaporated milk under EVD-1, invitation 450 at prices ranging $.4625 - .5146 per pound for delivery in July 1998. They also announced the purchase of 1,799,280 pounds for August 1998 delivery at the same price range ($.4625 - .5146 per pound). Canned evaporated milk production during April 1998 totaled 36.2 million pounds, 24.9% less than April 1997 and 0.1% less than March 1998. Month ending stocks, at 37.2 million pounds, are 42.3% more than a year ago but 6.1% below last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $22.50 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices are unchanged for both casein price ranges, but the market undertone remains weaker. Rumors of prices below $2.00 being offered are not able to be confirmed. Most contacts expect prices to drop below current levels, especially with the quantities of casein that are currently available. Supplies are available from most exporting countries. Additionally, offerings of industrial grade casein are ample to excessive for those needs and industrial buyers are not having to buy better quality products for their needs. Contracted casein is being delivered on a timely basis.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0500 - 2.1600
ACID:	2.0000 - 2.1000

MONTHLY SUMMARY AND AVERAGES FOR MAY 1998 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 17 MAY 01	REPORT NUMBER 18 MAY 04 - 08	REPORT NUMBER 19 MAY 11 - 15	REPORT NUMBER 20 MAY 18 - 22	REPORT NUMBER 21 MAY 25 - 29	1998 Average or Total	1997 Average or Total
BUTTER							
CHICAGO (WSP) 2/ (Delivered in Bulk in Fiber Boxes) (Prices Issued Tues, Thurs and Fri)							
TUESDAY							
-- Grade AA		1.4900 - 1.5000	1.4900 - 1.5000	1.4900 - 1.5000	1.6500 - 1.6600		
-- Grade A		1.4000 - 1.4100	1.4200 - 1.4300	1.4200 - 1.4300	1.6500 - 1.6600		
THURSDAY							
-- Grade AA		1.4900 - 1.5000	1.4900 - 1.5000	1.4900 - 1.5000	1.6500 - 1.6600		
-- Grade A		1.4000 - 1.4100	1.4200 - 1.4300	1.4200 - 1.4300	1.6500 - 1.6600		
FRIDAY							
-- Grade AA	1.4900 - 1.5000	1.4900 - 1.5000	1.4900 - 1.5000	1.4900 - 1.5000	1.6500 - 1.6600	1.5319	0.9550
-- Grade A	1.4000 - 1.4100	1.4000 - 1.4100	1.4200 - 1.4300	1.4200 - 1.4300	1.6500 - 1.6600	1.4719	0.8611
CHICAGO MERCANTILE EXCHANGE 3/							
-- Grade AA	1.4900	1.4900	1.4900	1.6500	1.7000	1.5465	0.9652
-- Grade A	1.4000	1.4200	1.4200	1.6500	1.7000	1.4945	0.8740
-- Grade B	1.3800	1.3800	1.4200	1.6500	1.7000	1.4810	0.8584
CENTRAL STATES PRINT (f.o.b. LTL)							
-- Grade AA, 1/4 Lb. Prints	1.5900 - 1.9975	1.5900 - 1.9975	1.5900 - 1.9975	1.5900 - 1.9975	1.7500 - 2.1575	1.8258	1.2509
-- Grade AA, 1 Lb. Prints	1.5550 - 1.7175	1.5550 - 1.7175	1.5550 - 1.7175	1.5550 - 1.7175	1.7150 - 1.8775	1.6683	1.0934
-- Grade AA, Chips/Patties	1.5800 - 1.7900	1.5800 - 1.7900	1.5800 - 1.7900	1.5800 - 1.7900	1.7400 - 1.9500	1.7170	1.1421
-- Grade AA, Reddies	1.6650 - 1.9000	1.6650 - 1.9000	1.6650 - 1.9000	1.6650 - 1.9000	1.8250 - 2.0600	1.8145	1.2389
-- Grade AA, Continentals	1.8200 - 2.0100	1.8200 - 2.0100	1.8200 - 2.0100	1.8200 - 2.0100	1.9800 - 2.1700	1.9470	1.3721
NORTHEAST PRINT (Delivered, LTL)							
-- Grade AA, 1/4 Lb. Prints	1.7000 - 1.9475	1.7000 - 1.9475	1.7000 - 1.9475	1.7000 - 1.9475	1.8600 - 2.1075	1.8558	1.2809
-- Grade AA, 1 Lb. Prints	1.6150 - 1.7975	1.6150 - 1.7975	1.6150 - 1.7975	1.6150 - 1.7975	1.7750 - 1.9575	1.7383	1.1634
-- Grade AA, Chips/Patties	1.6775 - 1.8850	1.6775 - 1.8850	1.6775 - 1.8850	1.6775 - 1.8850	1.8375 - 2.0450	1.8133	1.2196
-- Grade AA, Reddies	1.7525 - 1.9475	1.7525 - 1.9475	1.7525 - 1.9475	1.7525 - 1.9475	1.9125 - 2.1075	1.8820	1.3071
-- Grade AA, Continentals	1.8325 - 2.0075	1.8325 - 2.0075	1.8325 - 2.0075	1.8325 - 2.0075	1.9925 - 2.1675	1.9520	1.3771
CALIFORNIA PRINT (Delivered, LTL)							
-- Grade AA, 1/4 Lb. Prints	1.7725 - 1.8400	1.7725 - 1.8400	1.7725 - 1.8400	1.7725 - 1.8400	1.9325 - 2.0000	1.8383	1.2562
-- Grade AA, 1 Lb. Prints	1.6975 - 1.7675	1.6975 - 1.7675	1.6975 - 1.7675	1.6975 - 1.7675	1.8575 - 1.9725	1.7690	1.1859
-- Grade AA, Patties	1.7450 - 1.9100	1.7450 - 1.9100	1.7450 - 1.9100	1.7450 - 1.9100	1.9050 - 2.0700	1.8595	1.2859
-- Grade AA, Reddies	1.8700 - 1.8875	1.8700 - 1.8875	1.8700 - 1.8875	1.8700 - 1.8875	2.0300 - 2.0475	1.9108	1.3391
CALIFORNIA PLANTS PRINT (f.o.b. LTL)							
-- Grade AA, 1/4 Lb. Prints	1.4875 - 1.5375	1.4875 - 1.5375	1.4875 - 1.5375	1.4875 - 1.5375	1.7025 - 1.7375	1.5540	0.9593
CHEESE							
CHICAGO MERCANTILE EXCHANGE 3/							
-- Barrels		1.2000	1.2000	1.2100	1.3100	1.2165	1.1422
-- 40# Blocks		1.2100	1.2300	1.2500	1.3500	1.2358	1.1588
WISCONSIN ASSEMBLY POINTS (f.o.b.)							
-- Cheddar Barrels	1.1900 - 1.2000	1.1900 - 1.2000	1.2000 - 1.2200	1.2000 - 1.2200	1.2100 - 1.2300	1.2075	1.1433
-- Cheddar 40# Blocks	1.1850 - 1.1950	1.1700 - 1.1800	1.2200 - 1.2400	1.2500 - 1.2600	1.2700 - 1.2800	1.2295	1.1648
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	1.4975 - 1.6600	1.4975 - 1.6600	1.4975 - 1.6400	1.4975 - 1.6400	1.4975 - 1.6200	1.5698	1.5616
-- Brick And/Or Muenster 5#	1.6000 - 1.6675	1.6000 - 1.6525	1.5700 - 1.6825	1.5700 - 1.7025	1.5500 - 1.7225	1.6311	1.5620
-- Cheddar 40# Block	1.4600 - 1.9150	1.4450 - 1.9150	1.4750 - 1.9150	1.4950 - 1.9150	1.5150 - 1.9150	1.6974	1.6637
-- Monterey Jack 10#	1.6600 - 1.9150	1.6450 - 1.9150	1.6750 - 1.9150	1.6950 - 1.9150	1.7150 - 1.9150	1.7974	1.7637
-- Blue 5#	1.8025 - 2.1400	1.7875 - 2.1400	1.8175 - 2.1100	1.8375 - 2.1100	1.8575 - 2.0900	1.9686	1.9058
-- Mozzarella 5 - 6#	1.5750 - 1.9150	1.5600 - 1.9150	1.5600 - 1.9150	1.5800 - 1.9150	1.6000 - 1.9150	1.7444	1.7249
-- Grade A Swiss Cuts 6 - 9#	2.2500 - 2.4850	2.2500 - 2.4850	2.2500 - 2.4850	2.2000 - 2.4850	2.2000 - 2.4850	2.3563	2.3463
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	1.3975 - 1.6775	1.2975 - 1.6625	1.2975 - 1.6925	1.2975 - 1.7125	1.2975 - 1.7325	1.4999	1.4562
-- Cheddar Single Daisies	1.3675 - 1.6825	1.2675 - 1.6675	1.2675 - 1.6975	1.2675 - 1.7175	1.2675 - 1.7375	1.4874	1.4387
-- Cheddar 40# Block	1.3325 - 1.4900	1.3175 - 1.4675	1.3475 - 1.4975	1.3675 - 1.5175	1.3875 - 1.5375	1.4274	1.3724
-- Process 5# Loaf	1.4100 - 1.6250	1.4100 - 1.5375	1.4100 - 1.5375	1.4100 - 1.5375	1.4200 - 1.5475	1.4779	1.4265
-- Process 5# Sliced	1.4300 - 1.6375	1.4300 - 1.5950	1.4300 - 1.5950	1.4300 - 1.5950	1.4400 - 1.6050	1.5156	1.4478
-- Muenster	1.3750 - 1.9550	1.3500 - 1.8550	1.3800 - 1.8550	1.4000 - 1.8550	1.4200 - 1.8550	1.6226	1.5837
-- Grade A Swiss Cuts 10 - 14#	2.2500 - 2.5050	2.2500 - 2.5050	2.2500 - 2.5050	2.2500 - 2.5050	2.2500 - 2.5050	2.3775	2.3775
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	1.3950 - 1.6400	1.3950 - 1.6400	1.3950 - 1.6400	1.3950 - 1.6400	1.4050 - 1.6400	1.5185	1.5133
-- Cheddar 40# Block	1.3775 - 1.6100	1.3625 - 1.6000	1.3925 - 1.6000	1.4125 - 1.6000	1.4325 - 1.6100	1.4999	1.5359
-- Cheddar 10# Cuts	1.6175 - 1.7400	1.6025 - 1.7250	1.6325 - 1.7250	1.6525 - 1.7250	1.6725 - 1.7725	1.6863	1.6784
-- Monterey Jack 10#	1.5725 - 1.7200	1.5575 - 1.7050	1.5875 - 1.7050	1.6075 - 1.7150	1.6275 - 1.7350	1.6533	1.6534
-- Grade A Swiss Cuts 6 - 9#	2.2800 - 2.3700	2.2800 - 2.3700	2.2800 - 2.3700	2.2800 - 2.3700	2.2800 - 2.3700	2.3250	2.4488

MONTHLY SUMMARY AND AVERAGES FOR MAY 1998 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 17 MAY 01	REPORT NUMBER 18 MAY 04 - 08	REPORT NUMBER 19 MAY 11 - 15	REPORT NUMBER 20 MAY 18 - 22	REPORT NUMBER 21 MAY 25 - 29	1998 Average or Total	1997 Average or Total
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM ($ per lb. butterfat)							
Delivered Equivalent:							
-- Northeast	1.8480 - 2.0300	1.7920 - 1.9880	1.8744 - 2.0448	1.8886 - 2.0448	2.0904 - 2.4090	2.0010	1.2070
-- Atlanta	1.7920 - 2.0615	1.7920 - 2.0615	1.8176 - 2.0615	1.8176 - 2.0615	2.0280 - 2.2775	1.9784	1.2353
-- Upper Midwest	1.8760 - 1.9600	1.8760 - 1.9600	1.8760 - 1.9600	1.9170 - 2.0164	2.0625 - 2.3100	1.9838	1.1915
SPOT PRICES OF CONDENSED SKIM ($ per lb. wet solids)							
Delivered Equivalent:							
-- Northeast	0.9000 - 1.1300	0.9000 - 1.1000	0.9000 - 1.1000	0.9000 - 1.1000	0.9000 - 1.1000	1.0008	1.1886
WISCONSIN FLUID MILK SHIPMENTS							
-- Loads Shipped from Wisconsin Shipping Points	0	0	0	0	0	0	0
NATIONAL EVAPORATED MILK ($ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	22.5000 -33.0000	22.5000 -33.0000	22.5000 -33.0000	22.5000 -33.0000	22.5000 -33.0000	27.7500	27.7500
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Extra And Grade A	1.0200 - 1.0625	1.0200 - 1.0525	1.0200 - 1.0525	1.0200 - 1.0525	1.0150 - 1.0400	1.0348*	N.A.
-- Mostly	1.0275 - 1.0375	1.0275 - 1.0375	1.0275 - 1.0375	1.0275 - 1.0375	1.0250 - 1.0350	1.0320*	N.A.
-- West (f.o.b.)							
-- Low/Medium Heat	1.0100 - 1.0400	1.0100 - 1.0400	1.0100 - 1.0350	1.0100 - 1.0350	1.0000 - 1.0350	1.0223	1.0617
-- Mostly	1.0200 - 1.0300	1.0200 - 1.0300	1.0200 - 1.0300	1.0200 - 1.0300	1.0200 - 1.0300	1.0250	1.0524
-- High Heat	1.0450 - 1.0550	1.0450 - 1.0550	1.0450 - 1.0550	1.0450 - 1.0550	1.0450 - 1.0550	1.0500	1.1025
-- Northeast (f.o.b.)							
-- Extra & Grade A	1.0200 - 1.1100	1.0200 - 1.1100	1.0200 - 1.1100	1.0200 - 1.1100	1.0200 - 1.1100	1.0650	1.1357
-- Mostly	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0400	TFEWR
-- Southeast (Delvd)							
-- Extra & Grade A	1.0550 - 1.0825	1.0550 - 1.0825	1.0550 - 1.0825	1.0550 - 1.0825	1.0550 - 1.0825	1.0688	1.1243
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.2150 - 0.2400	0.2150 - 0.2400	0.2200 - 0.2400	0.2200 - 0.2425	0.2250 - 0.2425	0.2303	0.1805
-- Mostly	0.2200 - 0.2250	0.2200 - 0.2250	0.2225 - 0.2325	0.2225 - 0.2325	0.2275 - 0.2325	0.2265	0.1755
-- West (f.o.b.)	0.2200 - 0.2400	0.2200 - 0.2400	0.2200 - 0.2400	0.2175 - 0.2400	0.2150 - 0.2350	0.2287	0.1984
-- Mostly	0.2250 - 0.2325	0.2250 - 0.2325	0.2250 - 0.2325	0.2200 - 0.2300	0.2200 - 0.2300	0.2271	0.1926
-- Northeast Extra Grade (f.o.b.)	0.2175 - 0.2275	0.2175 - 0.2275	0.2175 - 0.2275	0.2275 - 0.2325	0.2275 - 0.2325	0.2259	0.1746
-- Northeast Usph Grade A(f.o.b.)	0.2325 - 0.2450	0.2325 - 0.2450	0.2325 - 0.2450	0.2375 - 0.2450	0.2375 - 0.2450	0.2399	0.1774
-- Southeast Extra Grade (Delvd)	0.2400 - 0.2600	0.2400 - 0.2600	0.2400 - 0.2600	0.2425 - 0.2650	0.2450 - 0.2725	0.2527	0.1992
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.5700 - 0.6200	0.5700 - 0.6200	0.5700 - 0.6200	0.5700 - 0.6200	0.5600 - 0.6100	0.5930	0.5729
-- Mostly	0.6000 - 0.6050	0.6000 - 0.6050	0.5975 - 0.6025	0.5975 - 0.6025	0.5900 - 0.6000	0.5998	0.5727
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.1850 - 0.2100	0.1850 - 0.2100	0.1850 - 0.2100	0.1900 - 0.2150	0.1900 - 0.2150	0.1998	0.1598
-- Standard	0.1700 - 0.2000	0.1700 - 0.2000	0.1700 - 0.2000	0.1750 - 0.2050	0.1750 - 0.2050	0.1873	0.1475
-- Roller Ground	0.2400 - 0.2450	0.2400 - 0.2450	0.2400 - 0.2450	0.2400 - 0.2450	0.2400 - 0.2450	0.2425	0.1836
-- Delactose	0.3400 - 0.3675	0.3400 - 0.3675	0.3400 - 0.3675	0.3400 - 0.3675	0.3400 - 0.3675	0.3538	0.3355
-- Northeast (f.o.b.)							
-- Milk Replacer	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	0.1650
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	0.9325 - 0.9675	0.9325 - 0.9675	0.9325 - 0.9675	0.9325 - 0.9675	0.9325 - 0.9675	0.9500	1.1285
-- West (f.o.b.)	0.9000 - 0.9400	0.9000 - 0.9400	0.9000 - 0.9400	0.9000 - 0.9400	0.9000 - 0.9400	0.9200	1.1108
-- Mostly	0.9100 - 0.9300	0.9100 - 0.9300	0.9100 - 0.9300	0.9100 - 0.9300	0.9100 - 0.9300	0.9200	1.1067
-- Northeast (f.o.b.)	0.9400 - 0.9600	0.9400 - 0.9600	0.9400 - 0.9600	0.9400 - 0.9600	0.9400 - 0.9600	0.9500	1.1095
-- Southeast (Delvd)	0.9400 - 1.0025	0.9400 - 1.0025	0.9400 - 1.0025	0.9400 - 1.0025	0.9400 - 1.0025	0.9713	1.1390
WHOLE MILK POWDER							
-- National							
-- F.O.B. Producing Plant	1.3000 - 1.3800	1.2075 - 1.3800	1.2075 - 1.3800	1.2075 - 1.3800	1.2075 - 1.3800	1.2961	1.2079
LACTOSE							
-- Central And West (f.o.b.)	0.1800 - 0.2600	0.1800 - 0.2600	0.1800 - 0.2600	0.1800 - 0.2600	0.1800 - 0.2600	0.2200	0.2600
-- Mostly	0.2100 - 0.2200	0.2100 - 0.2200	0.2050 - 0.2150	0.2050 - 0.2150	0.2000 - 0.2100	0.2105	0.2589
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	2.1000 - 2.1700	2.0800 - 2.1600	2.0800 - 2.1600	2.0800 - 2.1600	2.0500 - 2.1600	2.1178	2.3050
-- Nonrestricted - Acid	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0500	2.1083

1/ Prices for all products not footnoted 2/ or 3/ are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing. 2/ The monthly averages are simple averages of all the prices reported during the month and are shown on the Friday line. 3/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included. * Central States NDM prices, starting with report 21, include only low and medium heat. This month's average is a combination of all the week's prices.

MAY 1998 DEIP BID ACCEPTANCE

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
	NONFAT DRY MILK			
JULY 1997 - APRIL 1998		88,789**		
05/18	CARIBBEAN & MEXICO	1,370	MAY-JUN	$861.53
05/19	CARIBBEAN & MEXICO	1,235	MAY-JAN	$869.64
05/20	CARIBBEAN & MEXICO	240	MAY-DEC	$901.38
05/21	CARIBBEAN & MEXICO	225	JUN-JAN	$900
MAY 1 - 31, 1998		3,070		
PROGRAM TO DATE		91,859		

**FAS reallocated to the Caribbean & Mexico 3,427 MT of unshipped NDM for the current DEIP program year. The total for July 1997 - April 1998 has been changed accordingly.

	WHOLE MILK POWDER			
JULY 1997 - APRIL 1998		7,487		
MAY 1 - 31, 1998		0		
PROGRAM TO DATE		7,487		

	CHEESE			
JULY 1997 - APRIL 1998		3,363 (CORRECTED TOTAL)		
05/01-P	AFRICA & MIDDLE EAST	10	MAY-JUL	$555
05/11-P	AFRICA & MIDDLE EAST	11	MAY-JUL	$555
05/11-M	AFRICA & MIDDLE EAST	21	MAY-JUL	$665
05/11-P	CARIBBEAN,CENT & S. AM	16	JUN-JUL	$457
05/18-M	AFRICA & MIDDLE EAST	100	MAY-JUL	$550
MAY 1 - 31, 1998		158		
PROGRAM TO DATE		3,521		

C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN CHEESE, CC-CREAM CHEESE

	BUTTEROIL/ANHYDROUS MILKFAT			
JULY 1997 - APRIL 1998		15,648*		
MAY 1 - 31, 1998		0*		
PROGRAM TO DATE		15,648*		

A-ANHYDROUS, O-BUTTEROIL, B-BUTTER
*TOTALS DO NOT ADD DUE TO CONVERSION OF ANHYDROUS /BUTTEROIL TO BUTTER EQUIVALENT

	PROGRAM-TO-DATE
TOTAL MT	118,504
TOTAL BONUS VALUE	$106,561.000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds.

SOURCE: FOREIGN AGRICULTURAL SERVICE

APRIL 1998 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 103.4 million pounds in April, 12.5 percent below April 1997 but 2.6 percent above March 1998. **AMERICAN TYPE CHEESE** production totaled 289.4 million pounds, 3.5 percent above April 1997 and 1.5 percent above March 1998. **TOTAL CHEESE** output (excluding cottage cheese) was 641.5 million pounds, 7.2 percent above April 1997 but 0.6 percent below March 1998. **NONFAT DRY MILK** production, for human food, totaled 111.4 million pounds, 12.8 percent below April 1997 but 3.8 percent above March 1998. **DRY WHEY** production, for human food, was 89.0 million pounds, 1.7 percent above April 1997 but 2.3 percent below March 1998. **ICE CREAM** (hard) production totaled 79.7 million gallons, 3.7 percent above April 1997 and 5.3 percent above March 1998.

PRODUCTION OF DAIRY PRODUCTS

PRODUCT	APR 1998	PERCENT CHANGE FROM:		
	1,000 LBS.	APR 1997	MAR 1998	YEAR TO DATE 1/
BUTTER	103,438	-12.5	2.6	-8.6
CHEESE				
AMERICAN TYPES 2/	* 289,422	3.5	1.5	0.8
CHEDDAR	230,444	1.8	0.9	-0.5
SWISS	18,071	1.0	4.1	---
BRICK & MUENSTER	8,565	-8.2	-0.8	---
CREAM & NEUFCHATEL	50,439	25.2	-3.5	---
BLUE	3,901	12.3	12.9	---
HISPANIC	7,390	29.1	17.6	---
MOZZARELLA	199,200	8.8	-3.0	3.9
OTHER ITALIAN TYPES	54,468	9.3	-4.1	5.0
TOTAL ITALIAN TYPES	253,668	8.9	-3.2	4.2
ALL OTHER TYPES 3/	10,045	8.3	1.8	---
TOTAL	641,501	7.2	-0.6	2.7
COTTAGE CHEESE, CURD 4/	37,621	-4.7	-3.5	---
COTTAGE CHEESE, CREAMED 5/	30,569	2.6	-2.1	1.6
COTTAGE CHEESE, LOWFAT 6/	30,847	7.6	1.1	3.7
CANNED EVAPORATED & CONDENSED				
WHOLE MILK	36,159	-24.9	-0.1	---
DRY WHOLE MILK	12,287	77.8	4.6	---
NONFAT DRY MILK, HUMAN FOOD	7/ 111,400	-12.8	3.8	-3.7
DRY SKIM MILK, ANIMAL FEED	540	13.2	9.5	

PRODUCT	APR 1998	PERCENT CHANGE FROM:		
	1,000 LBS.	APR 1997	MAR 1998	YEAR TO DATE 1/
DRY BUTTERMILK	5,155	-4.5	1.1	---
YOGURT (PLAIN AND FLAVORED)	131,528	-2.2	-15.7	---
CONDENSED WHEY, SOLIDS CONTENT 8/				
SWEET-TYPE, HUMAN FOOD	10,586	-22.2	11.4	---
SWEET-TYPE, ANIMAL FEED	1,957	-4.3	-10.1	---
DRY WHEY PRODUCTS				
DRY WHEY, HUMAN FOOD	89,019	1.7	-2.3	---
DRY WHEY, ANIMAL FEED	7,983	34.0	32.7	---
REDUCED LACTOSE AND MINERALS				
HUMAN FOOD	6,418	19.3	5.5	---
ANIMAL FEED	2,547	2.7	-4.2	
LACTOSE, HUMAN FOOD & ANIMAL FEED	37,256	5.3	-4.1	---
WHEY PROTEIN CONCENTRATE				
HUMAN FOOD	19,297	0.9	-0.3	---
ANIMAL FEED	3,279	9.4	-0.6	---
FROZEN PRODUCTS	1,000 GALLONS			PERCENT
ICE CREAM (HARD)	79,725	3.7	5.3	1.3
ICE CREAM, LOWFAT (HARD)	9,256	5.8	-0.3	---
ICE CREAM, LOWFAT (SOFT)	22,375	-7.8	11.9	---
ICE CREAM, LOWFAT (TOTAL)	31,631	-4.2	8.0	-12.2
SHERBET (HARD)	4,705	2.7	7.7	0.3
YOGURT	7,763	-12.8	5.6	-12.5

MANUFACTURERS' STOCKS, END OF MONTH 9/

PRODUCT	APR 1998	PERCENT OF:	
	1,000 LBS.	APR 1997	MAR 1998
DRY WHEY PRODUCTS			
DRY WHEY, HUMAN FOOD	30,074	7.9	-5.0
DRY WHEY, ANIMAL FEED	5,000	-13.0	73.7
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 10/	8,381	-32.6	13.5
LACTOSE, HUMAN FOOD & ANIMAL FEED	27,565	38.4	12.3
DRY BUTTERMILK, TOTAL	5,755	57.8	35.2

PRODUCT	APR 1998	PERCENT OF:	
	1,000 LBS.	APR 1997	MAR 1998
WHEY PROTEIN CONCENTRATE			
HUMAN FOOD	11,751	33.8	6.8
ANIMAL FEED	1,393	91.9	38.9
CANNED EVAPORATED & CONDENSED WHOLE MILK	37,195	42.3	-6.1
DRY WHOLE MILK	6,672	56.4	-2.3
NONFAT DRY MILK FOR HUMAN FOOD	113,134	-4.5	22.0
DRY SKIM MILK FOR ANIMAL FEED	976	56.4	9.4

1/ 1998 cumulative as percent of 1997 cumulative. 2/ Whole milk cheese, including Cheddar, Colby, washed curd, stirred curd, Monterey and jack. 3/ Does not include Part Skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 2,089,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 129,081,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (6-98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OF JUNE 1 - 5, 1998			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/97	SAME PERIOD LAST YEAR	PERIOD ENDING 05/29/98	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	632,400	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	632,400	-0-	-0-
NONFAT DRY MILK							
Nonfortified	3,416,073	-0-	3,416,073	89,272,547	828,365	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	3,416,073	-0-	3,416,073	89,272,547	828,365	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 1 - 5, 1998 =	0.8	39.8	COMPARABLE WEEK IN 1997 =	1.4	2.9
CUMULATIVE SINCE OCTOBER 1, 1997 =	19.6	1,069.1	CUMULATIVE SAME PERIOD LAST YEAR =	6.0	15.9
CUMULATIVE JANUARY 1 - JUNE 5, 1998 =	17.9	947.7	COMPARABLE CALENDAR YEAR 1997 =	6.0	15.9

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	632,400	7,382,984	-0-	8.3	97.0
WEST	-0-	-0-	-0-	-0-	81,691,204	828,365	91.5	3.0
EAST	-0-	-0-	-0-	-0-	198,359	-0-	0.2	0.0
TOTAL	-0-	-0-	-0-	632,400	89,272,547	828,365	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998

MANUFACTURING MILK: Average Test 3.67% - $10.05 per cwt.; 3.5% - $9.95

DOLLARS PER POUND

BUTTER: Bulk $.6500; 1# Prints $.6800

CHEESE: 40 & 60# Blocks $1.1150; 500# Barrels $1.0850; Process American 5# $1.1675; Process American 2# $1.2075

NONFAT DRY MILK: Nonfortified $1.0280; Fortified $1.0380; Instant $1.1855

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 05/16/98 & Comparable Week 1997 1/ 2/

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL: WEEK	U.S. TOTAL: SINCE JAN 1	% DAIRY OF ALL: WEEK	% DAIRY OF ALL: SINCE JAN 1
1998-Dairy cows HD (000)	0.3	1.4	5.9	3.8	17.9	2.0	2.4	1.1	9.6	2.6	47.1	1,087.7	43.5	48.2
1997-Dairy cows HD (000)	0.4	1.5	5.8	5.2	20.7	2.6	2.6	1.2	7.4	2.8	50.0	1,171.1	44.9	46.4
1998-All cows HD (000)	0.3	1.4	7.6	14.7	25.1	17.5	17.6	5.9	11.9	6.2	108.3	2,255.2		
1997-All cows HD (000)	0.4	1.5	7.8	16.7	27.8	15.2	17.2	8.1	10.8	5.9	111.4	2,524.8		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES (POUNDS) 5/29

PROCESS	JULY DELIVERY		AUGUST DELIVERY		
PROCESS 2# LOAF	1,148,400	$1.3410-1.4327	435,600	$1.4230-1.4570	
PROCESS 5# LOAF	1,267,200	$1.2995-1.4095	435,600	$1.4010-1.4145	
PROCESS SLICED	1,663,200	$1.3310-1.3890	990,000	$1.4175-1.4575	
MOZZARELLA					
MOZZARELLA	604,800	$1.3640-1.3980	524,160	$1.4310-1.4540	
MOZZARELLA LITE	201,600	$1.4410-1.4950	120,960	$1.5340-1.5400	
CHEDDAR					
BARRELS	680,000	$1.3200			
BLOCKS	439,450	$1.5250			
CUTS	239,701	$1.6250-1.6550			
REDUCED FAT CUTS	359,550	$1.7750			
REDUCED FAT SHRED	153,600	$1.7950	153,600	$1.8404-1.8861	230,400
REDUCED FAT BLOCKS	79,900	$1.6650			

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 56,971,516 CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, $/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01								